

STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION

Docket No. 2019-184-E

In re:)
South Carolina Energy Freedom)
Act (H.3659) Proceeding to)
Establish Dominion Energy)
South Carolina, Inc. Standard Offer)
Avoided Cost Methodologies,)
Form Contract Power Purchase)
Agreements, Commitment to Sell)
Forms, and Any Other Terms or)
Conditions Necessary)
(Includes Small Power Producers)
as Defined in 16 United States)
Code 796, as Amended))

SURREBUTTAL TESTIMONY OF
REBECCA CHILTON
ON BEHALF OF JOHNSON
DEVELOPMENT ASSOCIATES, INC.

I. Introduction and Qualifications

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Rebecca Chilton. I operate Izuba Consulting, a renewable energy development, finance and operations consulting firm. My business address is 101 Hunter Place, Carrboro, NC 27510.

Q. ARE YOU THE SAME REBECCA CHILTON THAT OFFERED DIRECT TESTIMONY IN THIS DOCKET.

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. The Purpose of my surrebuttal testimony is to discuss the Response of Johnson Development Associates, Inc. ("JDA") to issues raised in the rebuttal testimony of John H. Raftery, James W. Neely, and Daniel F. Kassis filed on behalf of Dominion Energy South Carolina, Inc. ("DESC").

II. SURREBUTTAL TO REBUTTAL TESTIMONY OF JOHN H. RAFTERY

Q. ON PAGE 5, LINE 14 THROUGH PAGE 6, LINE 20, MR. RAFTERY OFFERS HIS OPINION OF THE PURPOSE OF ACT NO. 62 AND OF PURPA. DO YOU AGREE WITH HIS OPINION?

A. I disagree with several of Mr. Rafferty's characterizations in this section of his rebuttal. First, neither PURPA nor Act 62 is focused only on the general development of renewable energy, as if the legislative goals could be achieved by utility-controlled programs alone. PURPA and Act 62 both address the unique role that QFs are asked to play in moving electricity generation modality away from dependence on fossil fuels. Second, by mandating purchases by utilities from QFs, PURPA does in real terms affect the amount, type and timing of utility-owned generation over time. In this sense, QFs are in direct competition with utility-owned generation both now and in the future. Third, I disagree

1 with Mr. Rafferty that avoided costs could be determined solely by determining the
 2 “objectively verifiable economics of operating the utility’s electrical system” when in fact
 3 there are a number of forward-looking projections and multiple assumptions about the
 4 amount, type and timing of utility generation resources and all of the associated costs for
 5 those generation resources, among other assumptions, all of which are not objectively
 6 verifiable but rather are subject to different viewpoints and must be considered in a multi-
 7 factored and well-informed avoided cost proceeding like the one requested here.

8
 9 **III. SURREBUTTAL TO REBUTTAL TESTIMONY OF DANIEL F. KASSIS**

10 **Q. MR. KASSIS ATTEMPTS TO EMPHASIZE YOUR WORDS ON PAGE 10, LINES**
 11 **13 THROUGH 14 OF HIS REBUTTAL TESTIMONY TO MAKE IT SEEM AS**
 12 **THOUGH YOU DO NOT BELIEVE THAT PURPA AND ACT 62 BOTH AIM TO**
 13 **PROTECT THE RATEPAYER WHILE SIMULTANEOUSLY ENABLING QFS**
 14 **TO HAVE PAIRTY IN OBTAINING FINANCING. COULD YOU PLEASE**
 15 **CLARIFY YOUR POSITION ON THE SYMBIOTIC NATURE OF THE DUAL**
 16 **DIRECTIVES?**

17 **A.** The use of the phrase “protect ratepayers” is imprecise, as admittedly is my use of the
 18 phrase “keep ratepayers in mind”. Returning to the exact language of the FERC regulations
 19 that are currently in force may help. PURPA mandates avoided cost determinations that
 20 are both non-discriminatory towards QFs and that result in rates that are “just and
 21 reasonable” towards ratepayers.¹ FERC fully expected that the calculation of a utility’s
 22 full and accurate avoided cost together with other PPA terms that position QFs fairly with
 23 the utility will result in both the creation of just and reasonable prices for consumers and
 24 the development of QFs. These components are both necessary to ensure PURPA’s stated
 25 objectives for protection of ratepayers coupled with conditions that promote development
 26 of QFs.

¹ Order 69 § 212.304(a).

1 **Q. MR. KASSIS STATES, ON PAGE 14, LINES 14 THROUGH 16, THAT YOU**
 2 **“MAKE[S] THE POINT THAT THE MORE FAVORABLE THE DEAL FOR THE**
 3 **QF-ESSENTIALLY, THE MORE RISK PUT UPON THE UTILITY AND THE**
 4 **RATEPAYERS- THE MORE ‘MAINSTREAM CAPITAL’ WILL BE**
 5 **AVAILABLE”. DO YOU AGREE WITH THAT STATEMENT?**

6 **A.** I do not because I do not consider a PPA term longer than ten years to shift risk to the
 7 utility or the ratepayers. Quite the opposite – extended PPA terms provide, among other
 8 benefits, price certainty within the utility’s overall generation mix. The utility’s current
 9 generation mix over-emphasizes generation types that are locked in and thus expose
 10 ratepayers to future cost variability for decades, far longer than a QF PPA of fifteen or
 11 twenty years.

12
 13 **IV. SURREBUTTAL TO REBUTTAL TESTIMONY OF JAMES W. NEELY**

14 **Q. ON PAGE 16, LINES 7 THROUGH 8, MR. NEELY STATES THAT IT “IS**
 15 **ENTIRELY POSSIBLE THAT (NATURAL GAS PRICES) COULD DROP BY 50%**
 16 **OVER THE NEXT 30 YEARS.” TO THE BEST OF YOUR KNOWLEDGE, HAVE**
 17 **YOU REVIEWED ANY FORECAST WHICH WOULD SUPPORT SUCH A**
 18 **STATEMENT?**

19 **A.** No, I have not.

20
 21 **Q. DOES THIS COMPLETE YOUR SURREBUTTAL TESTIMONY?**

22 **A.** No. It is explicit in Act 62 that prior to a utility executing interconnection agreements and
 23 PPAs with QFs located in South Carolina with an aggregate nameplate capacity equal to
 24 twenty percent of the previous five-year average of the utility's South Carolina retail peak
 25 load that *fixed* price contracts longer than 10 years include a decrement to the 10-year
 26 avoided cost rate be applied to the portion of the contract extending beyond ten years and
 27 as *proposed by the intervenors*. As such, JDA expressly preserves the right in this docket,
 28 future proceedings, and in PPA negotiations to propose various methods of complying with

1 the Act 62 requirements for longer term contracts. I leave open the possibility to offer
2 testimony as necessary.